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*The Second Annual*

# London Health Care Conference

20-21 June 2007



## ALK-Abelló A/S

GUIDES FOR  
THE JOURNEY.®

PiperJaffray®



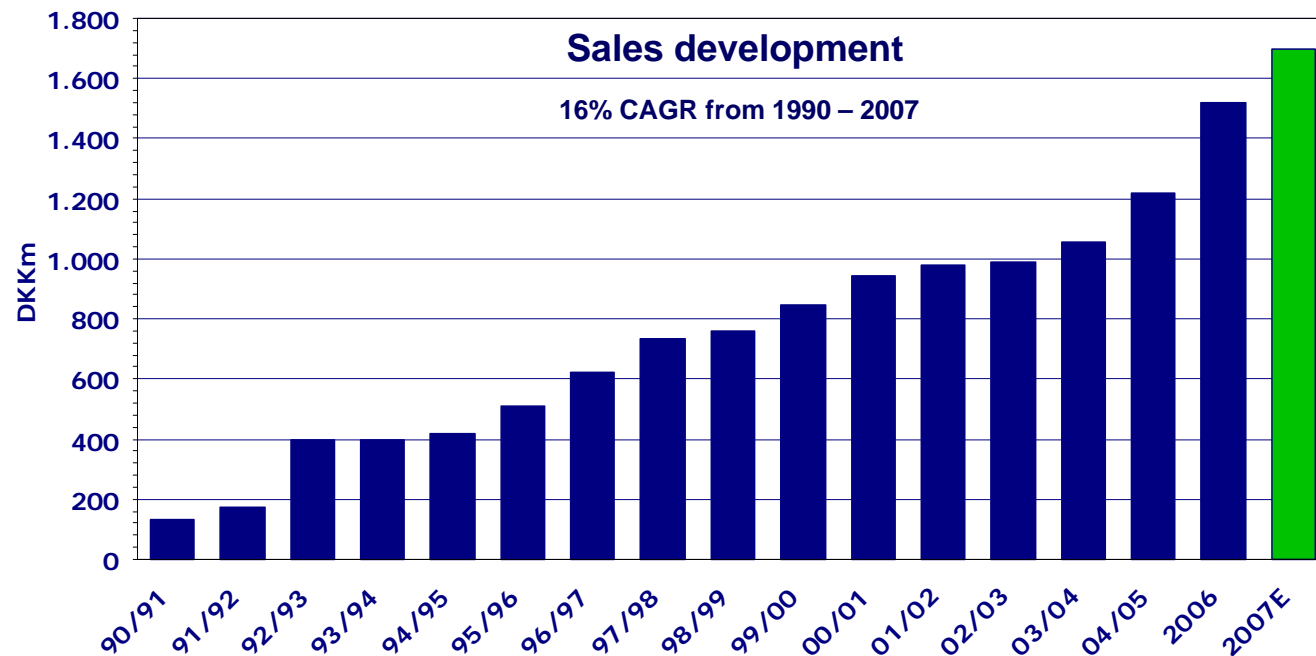
# Changing the way we treat allergy

ALK-Abelló

Jens Bager, President & CEO

# About ALK-Abelló – quick facts

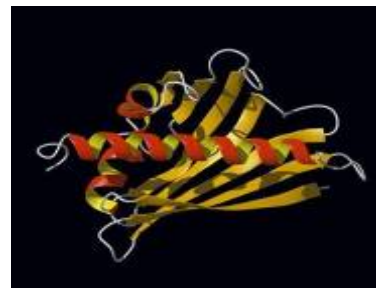
- Global pharmaceutical company with presence in Europe, the USA and China
- Founded in 1923, today over 1,300 employees



- Trading codes: Reuters: ALKB\_CO / Bloomberg (ALKB DC)
- ISIN number DK0060027142

# Allergy – a widespread disease

- More than 20% of the population in Europe suffers from allergic rhinitis (hay fever)
- 50% of these are allergic to grass pollen
- Allergic rhinitis is a risk factor for development of asthma
- The number of people with allergic diseases is increasing



Birch allergen



Birch pollen

# Immunotherapy – a unique approach

- Only treatment that treats the underlying cause of the disease
- Induces immunological tolerance
- Modifies the disease, resulting in sustained reductions in symptoms and need for symptom-relieving medication
- New tablet-based products will increase accessibility to more allergy sufferers



# ALK-Abelló products

SCIT



Subcutaneous immunotherapy (SCIT)  
Injections under the skin  
~ 48% of the sales (Q1 2007)

SLIT



Sublingual immunotherapy (SLIT)  
Under the tongue  
~ 29% of the sales (Q1 2007)

TABLETS



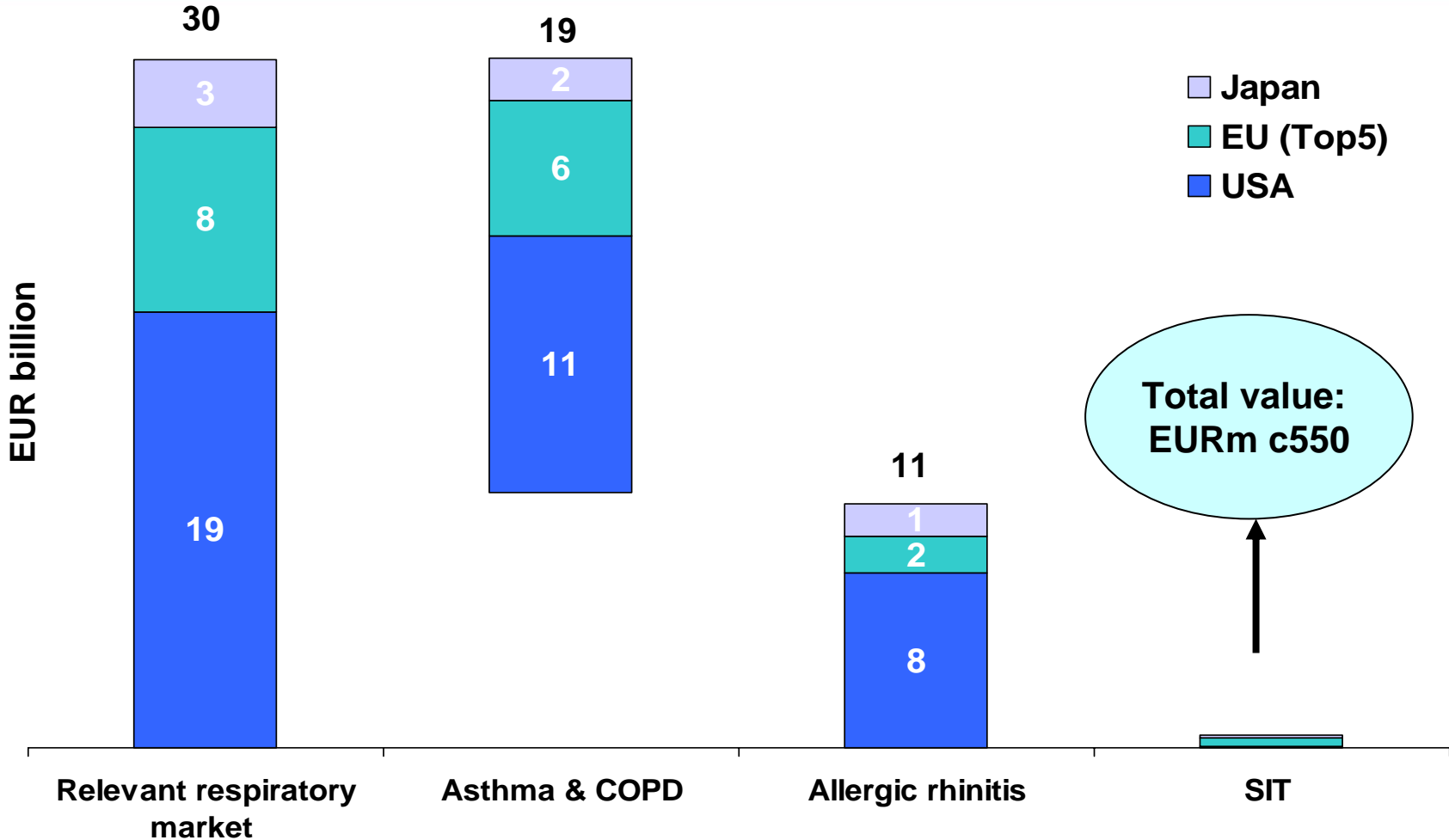
Tablet-based allergy immunotherapy  
Under the tongue  
~ 2% of the sales (launch in progress)

OTHER



Allergy Diagnosis: Skin prick tests  
Emergency treatment for allergic shock  
(adrenaline pen)  
~ 21% of the sales (Q1 2007)

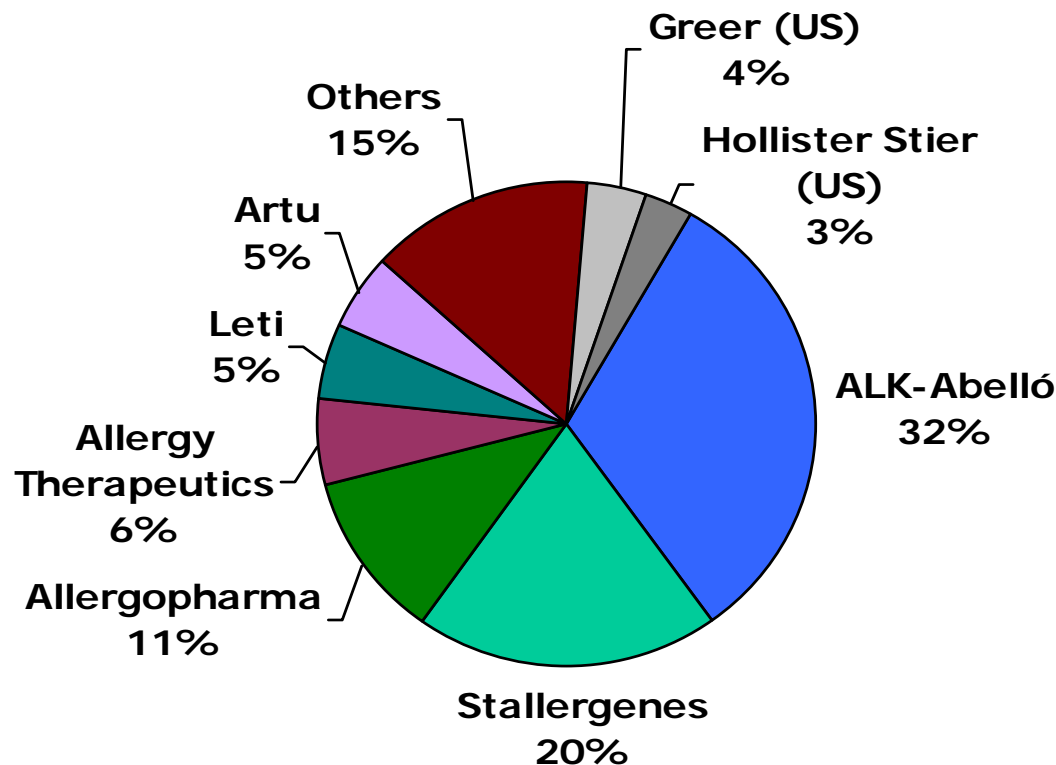
# World market for treatment of respiratory diseases



**Sources:**  
 Rep. Market: IMS Key Country Drug Purchases MAT value; COPD & Asthma: Datamonitor analyse based on IMS data for 2006; Allergic Rhinitis: Datamonitor analyse based on IMS MAT data for 2006; SIT Market: ALK-Abelló Internal estimations based on latest competitors'; Annual figures for 2005, market data on allergy vaccines for 2005 in countries where available; Local estimations for local companies and small markets.

# ALK-Abelló well-established market leader

– fragmented market with several small local companies



- ALK-Abelló is the only company serving both Europe and the USA
- Total value of market approximately EURm 550

Figure is an internal estimate of market shares based on local reporting, surveys and other publicly available material



# GRAZAX®

See more on [www.grazax.com](http://www.grazax.com)

# GRAZAX<sup>®</sup> changes the way we treat allergy

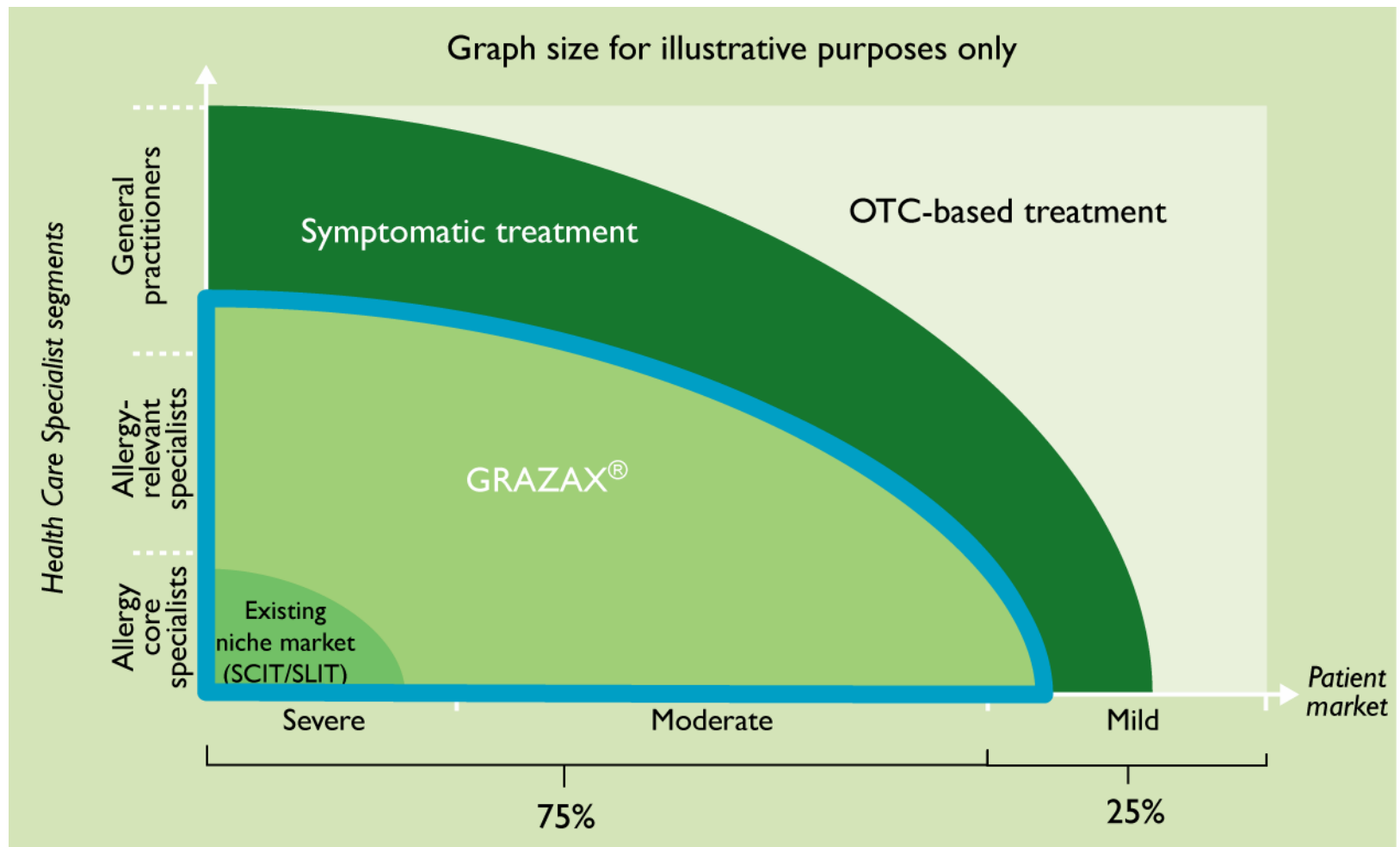
- A fast-dissolving, once-daily, no up-dosing immunotherapy tablet for home administration
- The only immunotherapy product approved in 27 European countries
- Indicated for adults with a diagnosis of grass pollen allergy, with or without mild-to-moderate asthma



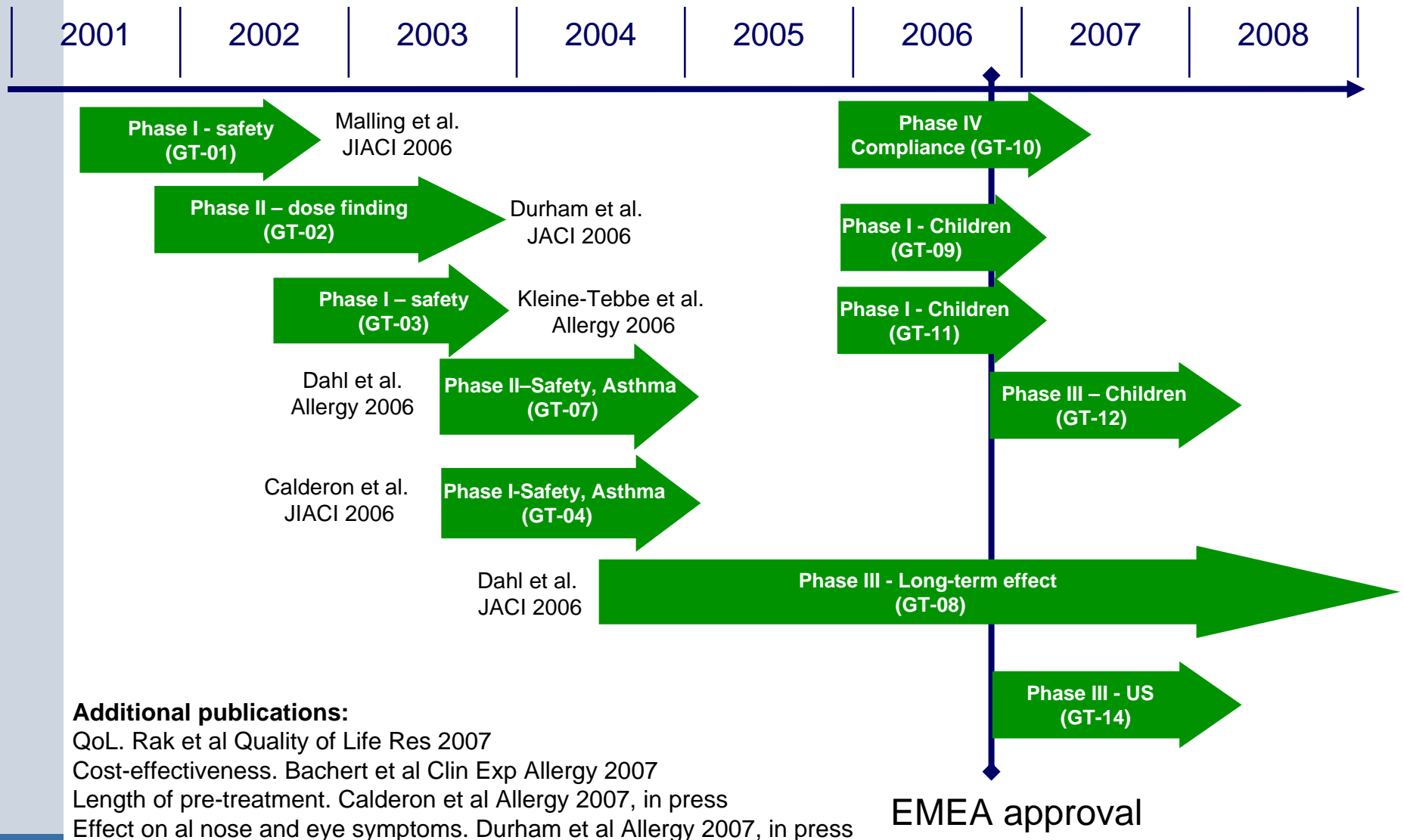
# Expanding the market with GRAZAX<sup>®</sup>

ALK ABELLÓ

Curing Allergy



# Largest clinical development program within immunotherapy



# Conclusions from the clinical programme

- GRAZAX® shows progressive immunological changes and highly significant efficacy over two years of continuous treatment
- GRAZAX® provides consistent effect on **ALL** symptoms
- GRAZAX® should be considered as a baseline treatment against grass pollen allergy as it builds up an immunological tolerance and reduces both symptoms and the need for symptom-relieving medication



# GRAZAX<sup>®</sup> launch on track

- GRAZAX<sup>®</sup> now available in seven markets:
  - ▶ Germany, Denmark, UK, Ireland, Norway, Sweden and Austria
  - ▶ Price (ex. factory) just below EUR 3 per tablet
  - ▶ Reimbursement negotiations are ongoing
- GRAZAX<sup>®</sup> was well received
  - ▶ High product awareness amongst specialists
  - ▶ High willingness to prescribe the treatment to patients with moderate to severe allergy
  - ▶ But a need for additional clinical evidence also exists



# GRAZAX<sup>®</sup> is a cost-effective choice

- GRAZAX<sup>®</sup> is the first immunotherapy product to undergo a prospective cost-effectiveness analysis
- GRAZAX<sup>®</sup> provides value for money as long as annual cost < EUR 6 / tablet
  - ▶ by significantly increasing quality of life
  - ▶ by significantly reducing absence from work
  - ▶ by significantly reducing the use of symptomatic medication
- GRAZAX<sup>®</sup> compares favourably with other medical drugs, including injection-based immunotherapies (SCIT)

# R&D Pipeline



<u>Product type</u>	<u>Active ingredient</u>	<u>Indication</u>	<u>Research</u>	<u>Pre-clinic</u>	<u>Phase I</u>	<u>Phase II</u>	<u>Phase III</u>	<u>Launch</u>
Tablet	Biological house dust mite allergen	Rhinitis/ asthma	█	█	█	█	█	2010+
Tablet	Biological ragweed allergen	Rhinitis	█	█	█			2011+
Tablet	Biological birch pollen allergen	Rhinitis	█					2011+
Tablet	Second generation allergy vaccines	Rhinitis/ asthma	█					2014+

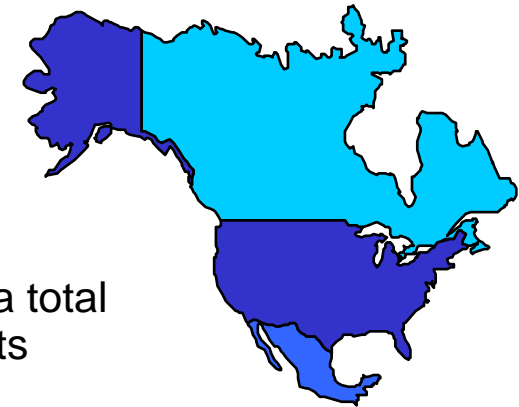


# PARTNERSHIP AGREEMENTS

# Expanding availability with partnerships



- Strategic alliance to develop and commercialize the tablets in the USA, Canada and Mexico
  - ▶ GRAZAX®, house dust mite tablet and the ragweed tablet
- Deal structure based on royalties on sales and up to a total of USD 290 million of up-front and milestone payments



- Agreement for co-promotion, distribution and licensing in 25 European countries
  - ▶ GRAZAX®, house dust mite tablet and a third tablet
- Deal structure based on profit sharing and Menarini purchasing the products from ALK-Abelló for sales





## Financial highlights

# Solid development in revenue in Q1 2007

- Second-to-none growth in core product lines
  - ▶ Increased focus on immunotherapy in key markets
  - ▶ Strong pollen season in 2006
- Revenue increased to DKKm 450 (395)
  - ▶ Organic growth in sales of allergy vaccines 17%
    - (SCIT +9%, SLIT +29% and other products +7%)
  - ▶ As expected, GRAZAX<sup>®</sup> sales were DKKm 10
- EBIT was a profit of DKKm 240 (57)
- EBT was a profit of DKKm 242 (61)

# Revenue outlook for 2007

- Revenue is still forecast at DKKm 1,650-1,700
  - ▶ Organic sales growth of allergy vaccines in the range of 15-19%
  - ▶ GRAZAX<sup>®</sup> sales forecast unchanged
- Significant uncertainty attached to GRAZAX<sup>®</sup> forecast
  - ▶ Price and reimbursement talks ongoing in a number of countries
  - ▶ Anticipated seasonal variation in sales
- GRAZAX<sup>®</sup> is still expected launched in Northern, Central and Southern Europe

# Earnings outlook for 2007

- R&D costs still expected to be on level with 2006
- S&M costs affected by considerable GRAZAX<sup>®</sup> sales and marketing costs
- Operational start-up of collaborations also affects costs
- EBIT is still forecast at DKKm 200-220
  - ▶ Includes income from Schering-Plough of DKKm 199
- EBT is still forecast at DKKm 230-250 and EAT at DKKm 130-150
- Positive effect of DKKm 37 from final regulations of the selling price of Chr. Hansen
- Net profit for the year is forecast at DKKm 167-187